Social Security and I.L.O. Technical Co-operation in Libya

AMONG THE FIRST African countries to achieve independence after the Second World War, the Kingdom of Libya has undergone a rapid process of economic and social development, not only because of the impact on the economy of the discovery of oil but also as a result of social innovations, not the least of which has been its social security scheme.

The evolution of this scheme has followed a pattern different in many respects from that of neighbouring countries of North Africa; some of the reasons for this are historical, others arise from an approach which, while it aims at satisfying as fully as possible the needs of the working population, squarely faces the limitations imposed by both human and financial resources.

This article outlines the historical background and describes the development and achievements of social security in Libya up to the end of 1964, with reference to the technical assistance work carried out in that country by the I.L.O. since 1952 in the form of advisory missions, training of personnel and the grant of fellowships.

The years of planning, 1952-56

Before the war the three provinces that constitute the Kingdom of Libya—namely Tripolitania, Cyrenaica and the Fezzan—were under Italian rule, and the new independent State that came into being on 24 December 1951 [1] was a federal one, each province enjoying a large degree of autonomy.

Shortly after independence, economic and social planning under the auspices of the United Nations was undertaken with the object of helping the new country to assess its needs and use its limited resources to the best advantage.

[1] Following a decision taken in 1949 by the General Assembly of the United Nations.

Background

Among the economic and financial provisions adopted by the United Nations concerning the transfer of power in Libya was one that was to have immediate and important repercussions on social security planning, namely the recommendation that "Italy and Libya shall determine by special agreements the conditions under which the obligations of Italian public or private social insurance organisations towards the inhabitants of Libya and a proportionate part of the reserves accumulated by the said organisations shall be transferred to similar organisations in Libya".[1]

The Italian social insurance organisations referred to, which had been established in Libya before the war and were still operating in Tripolitania when the country became independent, were three.

One was the Libyan branch of the metropolitan National Employment Accident Insurance Institution (*Istituto Nazionale per l'Assicurazione contro gli Infortuni sul Lavoro*—I.N.A.I.L.), administering an employment injury insurance scheme covering about 22,000 Libyan and non-Libyan manual workers and providing cash compensation, as well as medical treatment, for victims of employment injuries.

The second was the Libyan branch of the metropolitan National Social Insurance Institution (*Istituto Nazionale della Previdenza Sociale*—I.N.P.S.), which operated in Tripolitania only for the benefit of the non-Libyan workers (its estimated membership was about 4,500) and granted benefits in cases of invalidity, old age, death of breadwinner, unemployment and tuberculosis.

The third compulsory insurance scheme was also restricted to non-Libyan employees. It granted benefits in cash and in kind to insured persons and their dependants in cases of sickness and maternity. The administrative agency of this scheme was the Italian Africa Social Welfare Institution (*Istituto per l'Assistenza Sociale nell'Africa Italiana*—I.A.S.A.I.).

Implementation of the United Nations resolution demanded, therefore, a programme of action to replace the Italian social insurance organisations by a new Libyan social insurance scheme. While it was understood that as a final target the Libyan scheme had to cover broadly the same contingencies as the Italian ones, the Government of Libya naturally pressed for the elimination of the existing discrimination of coverage depriving the Libyan worker of protection in case of sickness, invalidity, old age, death and unemployment.

The resulting commitment put a heavy burden on a country that was at the time economically weak and not immediately prepared to assume considerable administrative responsibilities unless helped and supported by foreign administrators and medical personnel.

[1] United Nations, General Assembly: *Official Records : Fifth Session*, Supplement No. 20 (A/1775) (New York, 1951). The settlement finally reached in 1957 is described below, p. 301.

Such a commitment had also to be considered in conjunction with the composition and distribution of the Libyan population, its pattern of work and life, and the vastness of its territory, one of the largest in Africa.[1] In a land area of 1,760,000 square kilometres, possibly not more than about 1 per cent. of which is suitable for settled cultivation, its total population in 1954 was just under 1.1 million, of whom 738,000 were living in Tripolitania, 291,000 in Cyrenaica and 59,000 in the Fezzan. About 74 per cent. of the population were classified as "settled", 18 per cent. as "semi-nomadic" and 8 per cent. as "nomadic". One-quarter of the settled population, or about 18 per cent. of the whole, was concentrated in the two main cities of Tripoli (130,000) and Benghazi (70,000). The population of the smaller towns could not be precisely defined, but it was estimated that roughly 25 to 30 per cent. of the total population in 1954 were town dwellers and that 45 to 50 per cent. were settled in rural areas; the remaining 25 per cent. were nomads and semi-nomads. The proportion of nomads and semi-nomads was highest in Cyrenaica and lowest in the Fezzan.

After independence and until the end of the 1950s, when the discovery of oil and the exploitation of the oilfields put Libya on the path to becoming economically self-supporting, the country depended heavily on foreign financial aid to finance current budget expenditure as well as development projects.

Preliminary studies and the difficulties encountered

This, then, was the general situation when the Government of Libya called upon the I.L.O. for technical assistance in the field of social security.

From October 1952 until August 1954 an I.L.O. expert studied in Libya the conditions of life and work prevailing in the various areas, the organisation and structure of the health services and the functioning of many establishments and undertakings typical of the urban and rural areas of the country. In this work he maintained close contacts with the Italian social security institutions operating in Libya, as well as with employers, workers and representatives of the occupational organisations concerned, including the medical profession. The all-round view thus obtained of the situation and of the possibilities offered by the economic and social structure of the country was of great value in the formulation of the relevant recommendations.

The existence in Libya of large nomadic and semi-nomadic groups called for a special approach. It would have been unrealistic to attempt to include these groups from the start in the proposed social security pro-

[1] Background figures and data on Libya are taken from: *The economic development of Libya*, a report of the International Bank for Reconstruction and Development (Baltimore, Johns Hopkins Press, 1960).

gramme. It was apparent that an improvement of their levels of living should rather be sought through integrated long-term action—parallel to the development of the agricultural sector of the economy, combining agricultural extension services, livestock improvement, soil conservation, etc.—designed to promote the permanent settlement of the tribal population.

Planning was therefore confined to the settled population, but here again a distinction had to be made between rural and urban inhabitants.

The main economic characteristics of the rural population were low income and a subsistence economy; the predominant risks appeared to be rather those which might jeopardise the very source of the agricultural income, such as droughts, soil erosion, etc., than any of the contingencies traditionally included in a social security plan. Hence it appeared that the best way of improving the social welfare of the rural population would be to maintain and strengthen the welfare funds intended to meet its most urgent needs during years of drought, and to arrange for the employment of part of this population on specially organised public works and the progressive extension of public health services in rural areas, together with the continuation of the campaigns organised to improve public health.

Proposals for the introduction of a national social insurance scheme were therefore limited to the protection of the non-agricultural employed population. In elaborating them, account was taken of a number of practical problems, some typical of developing countries and others characteristic of Libya, such as those which are referred to below.

The federal structure of the country (as it was then) had to be accounted for in the organisation of a scheme intended to be national in scope. The choice lay between establishing a single institution for the whole country or setting up separate independent social insurance institutions in each of the three provinces. The possible advantages of the second solution, however, were greatly outweighed by its drawbacks. To divide the membership of a scheme that was already small into three unequal parts would unduly favour the richer province (Tripolitania) to the detriment of the other two, and it would probably have excluded any possibility of extending the scheme to the Fezzan, where membership was expected to be extremely small and cash wage levels particularly low. Moreover, it would have defeated the very principle of social insurance, namely the need for the widest possible pooling of risks; and it would certainly have increased administrative costs.

On the other hand, the views of political supporters of provincial rights could not be overlooked, and the solution proposed was therefore that a single organisation—the National Social Insurance Institution—should be created and entrusted with the administration of all social insurance branches for the whole national territory under a single body of legislation. It was suggested, however, that the Institution should have

three provincial offices with some degree of administrative autonomy, but no financial independence. While supervision of the new institution was to be entrusted to the federal Government, the provincial authorities were nevertheless to be granted restricted powers of control over the activities of the offices established in their respective areas.

The high rate of illiteracy shown by the 1954 census had also to be reckoned with in planning the new scheme. Any system of social insurance requires the registration of some essential data regarding the employer, the insured person and his dependants, and the accomplishment of certain formalities regarding entry into insurance, payment of contributions, and application for and grant of benefits. If the persons directly concerned are incapable of providing this information in writing or even of understanding written instructions, and if they cannot fulfil the other formal requirements that are so important in applying an insurance scheme, the task of administration becomes particularly laborious and difficult.

With a view to overcoming this difficulty, it was necessary to simplify the structure of the new scheme very greatly, as regards both internal administration and the calculation and payment of contributions and benefits.

On the other hand, the customs and needs of the European workers, still quite numerous in Libya [1], had to be taken into account, particularly because they had been enjoying the standard of protection afforded by the social insurance schemes administered so far by the Italian agencies in Libya.

The existence side by side of these two groups with different languages, backgrounds, standards of education and wage levels often rendered a compromise inevitable; but when it was impossible to meet the requirements and points of view of both of them the policy followed was to adopt the solution which would be best suited to the needs and possibilities of the Libyan element of the population.

Another class of difficulties arose from the lack of statistics on the various factors which have to be borne in mind in establishing the financial equilibrium of a social insurance scheme, and particularly statistics regarding persons of Libyan nationality. There was very little information concerning, for instance, the number of employed persons, their industrial distribution, the wage level, the average duration of employment, incidence of the contingencies to be covered and demographic factors (birth and death rates, average length of life, age distribution of the population, etc.).

It was therefore necessary to fill the gap either by approximate information—verbal or in writing—obtained from the administrative authori-

[1] It was estimated that in 1954 the number of Italians permanently resident in Tripolitania was about 40,000, among whom many were engaged in salaried employment.

ties or other competent persons or organisations, or by means of special analytical procedures, or again by small sample surveys or estimates based on personal experience. With the aid of all the data and information collected in these ways, it was possible to make approximate evaluations of the probable receipts and expenditure of the proposed social insurance scheme.

Implementation of a national social insurance scheme implied the prospect of engaging a sufficient number of Libyan officials, including several specialists and administrative experts capable of organising and operating the scheme. However, the country faced an acute shortage of skilled personnel, since the Libyans in the employment of the Italian social insurance institutions were mostly persons engaged on manual jobs with little experience of the working of the insurance services proper. Consequently, a long-term programme of staff training, both abroad and on the job in Libya, was considered essential, and the help of foreign technicians, at least for the initial period of implementation, became an absolute necessity.

The fact that the new Libyan scheme had to take over responsibility for granting medical care as of right in case of sickness or maternity of the insured person raised the problem of how to make available the necessary medical resources—both personnel and equipment—in the areas where the insurance scheme would apply.

In the years immediately following independence the medical facilities available in Libya were controlled almost entirely by government and municipal authorities. With few exceptions, such as the clinics and health centres run by the Red Cross and by other non-profit-making institutions, including the Italian social insurance agencies, all the medical establishments in the country were under the authority of the public health services and were financed from public funds.

Most of the members of the medical profession were employed in public establishments. Out of 25 doctors of medicine established in Cyrenaica, 24 were employed by government departments, and only seven of them also practised privately. In the Fezzan the small number of available doctors was made up of public officials. In Tripolitania, however, and particularly in the city of Tripoli, where 70 per cent. of the doctors of the province were established, the proportion of members of the medical profession practising privately, either exclusively or in addition to performing public duties, was relatively high.

Under these circumstances it was considered advisable to entrust the provision of medical care for insured persons to the public services, at least in places where such services were in operation and had sufficient capacity. It was further proposed that the social insurance scheme should pay for the treatment given to insured persons but that they, in exchange, should enjoy more favourable conditions than destitute persons who received free medical care under public assistance. On the other hand,

it was suggested that the social insurance scheme should create its own additional medical facilities, particularly for general practitioner and specialist out-patient care and for the supply of pharmaceutical products.

In a country where public funds were so limited it would have been unrealistic to expect a substantial expansion and improvement, in terms of capacity, personnel and standard of care, of the public health services within a reasonably short time. But social insurance, by raising its own funds through compulsory employer and employee contributions, would be in a position to set up its own curative services, thus expanding the supply of health care in Libya. This solution was also expected to relieve substantially the burden imposed on the public health services.

Subsequent experience showed that this approach was sound and that—in spite of the difficulties that the National Social Insurance Institution encountered in organising and managing its own out-patient curative services—these have contributed greatly towards giving the Libyan worker free access to modern and comprehensive medical treatment.

Naturally, at the planning stage the proposals regarding the organisation of medical care were made sufficiently flexible to enable the social insurance scheme to define later the methods and procedures most suitable to meet the needs of the employed population in the various parts of the Libyan territory.

The solutions proposed

As a result of the preliminary inquiries and considerations outlined above, the I.L.O. submitted concrete proposals to the Government of Libya in 1953 and 1954 in the form of a draft law, accompanied by an explanatory report and draft regulations.[1]

The substance of the draft law is fully reflected in the law subsequently adopted, which is described in the next section of this article, and there is therefore no need to go into detail here.

The explanatory report aimed at giving an account in some detail of the principles and objectives of social insurance and the administrative methods and techniques used by modern social security management, so that the new Libyan authorities could acquire a better understanding of the role and limitations of social insurance within the framework of the economic and social policy of a developing country. It also described the problems encountered in preparing a draft social insurance law for Libya, outlined the features of the proposed scheme in detail and analysed its probable financial and economic repercussions.

[1] A summary of these documents was presented to the Government of Libya as a final report issued by the I.L.O. in 1954: *Report to the Government of Libya on the extension of the social security system* (ILO/TAP/LIBYA/R.2).

Finally, the draft regulations concerning the registration of employers and insured persons, the payment of contributions, and the organisation of sickness and maternity insurance were prepared on the assumption that the Government would accept the legislative technique recommended by the I.L.O., namely adoption of a relatively general but comprehensive basic law containing the main provisions as regards all the contingencies covered, such as those prescribing the scope (persons protected), the type and amount of benefits, financing and administration. Further administrative and operating details, as well as determination of the various stages of application of the scheme, were to be left to regulations to be issued later in the form of ministerial decrees.

One of the characteristics of all these proposals was therefore the flexibility of the suggested legislative instrument. At the same time, unity of policy and of criteria of implementation was assured by suggesting that protection against all contingencies should be organised within a single body of legislation and under a single management.

Furthermore, the proposals aimed at the utmost simplicity of administration and organisation, while adjusting the level of contributions and benefits to the restricted possibilities of the national economy.

Other guiding principles were the adaptation of methods of administration and supervision to the customs of the country, the promotion of close co-operation between social insurance and public health services, and the gradual extension of insurance by progressive stages.

Considerable importance was given to the last of these guiding principles. To put into operation, at a single stroke, the whole of a social insurance scheme as extensive as that defined in the draft law would certainly have been a hazardous undertaking, far in excess of Libya's possibilities and therefore condemned in advance to certain failure. For this reason it was expressly stated in one of the transitional provisions of the draft law that the scheme should be applied gradually. This course made it possible to avoid an over-sudden strain on Libya's national economy such as might disturb its equilibrium, and to consolidate the scheme during the initial stage.

The establishment of a detailed plan for gradual extension of the insurance was left to the Government so that it might freely choose the most appropriate method, having regard of course to future suggestions emanating from the administrative authorities of the Institution. Certain general recommendations were nevertheless made as a guide to the responsible bodies and persons, since premature and hasty extension of the scheme might have had deleterious effects difficult to remedy.

The I.L.O. considered that for the first stage of application there should be limitation as regards geographical areas included, classes of persons insured and risks covered.

It therefore recommended that the application of the scheme should initially be limited to the urban areas of Tripoli and Benghazi and that

insurance coverage should be extended only to employed persons in the service of employers engaging normally five or more workers, as well as to all employed persons—irrespective of any other condition—who had hitherto been insured by one of the Italian agencies operating in Libya. As for the contingencies to be covered in the first stage, various alternatives were put forward ranging from a minimum one (to apply only employment injury insurance) to one implying immediate coverage of all short-term as well as long-term contingencies.

In any case, it was considered advisable for administrative reasons to postpone until a much later stage the application of the unemployment benefit branch of insurance, which was included in the draft law only because this branch was previously operated in Libya, as regards Italians only, by I.N.P.S.

It was intended that the first stage of application of the scheme should last until such time as the new institution had built an administrative and financial foundation capable of supporting further extensions of coverage. In this respect, too, the I.L.O.'s recommendations were as flexible as possible so as to allow future policy to be adjusted in the light of experience obtained during the first stage of implementation.

The Prime Minister of Libya and all federal and provincial authorities concerned examined the proposals of the I.L.O. and, after the necessary discussion and consultations, approved the main features of the proposed scheme and worked towards the preparation of the final legislative instruments.

At the same time negotiations took place between the Libyan and Italian Governments with a view to bringing about the agreement called for by the United Nations, and to defining the obligations which the Libyan State would assume towards the persons insured so far in Libya by the Italian institutions as well as the nature and value of the assets to be transferred from the latter to the new Libyan scheme.

The scheme and preparations for its implementation, 1957-59

The new Social Insurance Act was enacted in April 1957.[1] The original English draft submitted to the Government by the I.L.O. was slightly altered in the process of translation into Arabic, and a number of changes decided upon by the Libyan authorities also found their way into the law. By and large, however, the substance of the law corresponds to the approach and basic criteria recommended by the I.L.O.

I.L.O. co-operation and the Italo-Libyan Agreement

The Government of Libya therefore requested further technical assistance from the I.L.O., and from August 1957 until the scheme came

[1] I.L.O.: *Legislative Series*, 1957—Libya 1.

into operation on 28 March 1959 a team of experts recruited by the I.L.O. under the Expanded Programme of Technical Assistance of the United Nations collaborated with the national authorities (in particular those appointed to head the newly created National Social Insurance Institution—I.N.A.S.) in drafting regulations, setting up the new administrative organisation, making financial and accounting arrangements and establishing a staff training programme.

In the meantime the Italo-Libyan Agreement was signed on 2 October 1957 and the exchange of instruments of ratification took place in Benghazi in December 1957. According to its terms the three Italian social insurance agencies operating in Libya ceased their activities on the date on which the Libyan Social Insurance Act became operative in Tripolitania (28 March 1959) and as from that date their obligations towards the inhabitants of Libya (as specified in an appendix to the Agreement) were assumed by the I.N.A.S.

On the whole the technical solutions adopted by the Agreement greatly facilitated smooth transition from the previous schemes to the new one, and the financial clauses of the Agreement substantially favoured the I.N.A.S., which received: (i) the liquid or semi-liquid reserves covering the insurance rights of persons previously insured by the Italian agencies (£L175,000) and (ii) the total of the remaining liquid, movable and immovable assets of the Italian agencies (after a deduction of £L57,000) against a compensation of £L325,000, while the value of these assets was estimated at approximately £L1,275,000.

The fixed assets taken over by the I.N.A.S. included a building in Tripoli in which was a dispensary (previously owned by I.N.A.I.L.) and the Caneva hospital in Tripoli, originally built by I.N.P.S. as a large sanatorium for tuberculosis patients and occupied later on by the United Kingdom armed forces in Libya and partly rearranged as a general hospital for military personnel. In addition, office buildings in Tripoli and Benghazi and a number of apartments for rent were also included. The I.N.A.S. made immediate use of these premises to house its own administrative and medical services, with the exception of the Caneva hospital, which remained on lease to the United Kingdom armed forces.

The Social Insurance Act and its regulations

The provisions of the Social Insurance Act (No. 53/1957) and of the regulations issued under it (1958-59) remain up to the present the basis of the Libyan social insurance scheme, although certain important amendments were made in 1962 and a number of ministerial resolutions have progressively extended coverage of the scheme to new geographical areas.

It should also be borne in mind that the Constitution of Libya was changed in 1963, when the federal structure based on three provinces

was abolished, and that a number of provisions of the basic law involving provincial rights and responsibilities are expected to be modified in consequence in the near future.

ADMINISTRATION

The Institution set up by the Act, I.N.A.S., enjoys administrative and financial autonomy. It has a governing body composed of representatives of the Government, employers and insured persons, and is headed by a director-general appointed by the Council of Ministers on the recommendation of the competent minister.

The Institution established a central and a provincial office in Tripoli and later opened other offices in areas in which the scheme was gradually enforced.

CONTINGENCIES COVERED

The Act provides protection against the following contingencies: sickness and maternity, employment injury, old age, invalidity and death of breadwinner, and involuntary unemployment. According to the nature of the contingencies covered and the benefits provided for, insurance is grouped in four separate branches:

(a) cash sickness and maternity;

(b) medical care;

(c) old age, invalidity and death (or pension); and

(d) unemployment (application of which has been postponed).

A particular feature of the Libyan scheme is that employment injuries are not covered by a separate branch; according to their consequences they are covered either by the cash sickness branch (temporary incapacity for work) or by medical care (morbid condition) or by pension (invalidity and death). More favourable benefit provisions, however, apply to insured persons suffering from an employment injury and for their dependants.

PERSONS PROTECTED

The Act covers all persons employed under a contract of service, whether wage-earning or salaried, including apprentices. Minor categories of workers are excepted, such as domestic servants (unless in the employ of a commercial undertaking) and homeworkers.

The Act further provides that the Council of Ministers may decide whether and to what extent its provisions are to apply to established civil servants and members of the armed forces and the police. So far these categories have not been insured under the law because they are covered by separate pension legislation.

It is also provided that the scheme should be applied progressively to different regions and localities in respect of the different branches of compulsory social insurance and to different categories of employed persons and to employees in different sizes of undertakings.

FINANCING

The scheme is financed by compulsory contributions from employers and employees. Provision is made for a subsidy from the Treasury to cover particular items of administrative expenditure, but in practice this provision has not been applied.

For the purpose of calculating contributions an insured person is placed in one of three wage categories, according to his remuneration.

The wage and contribution schedules applied at the outset of the scheme and until the 1962 amendments of the Act were as shown in table I.

TABLE I. WAGE CATEGORIES OF INSURED PERSONS BEFORE THE 1962 AMENDMENTS
(In millièmes) [1]

Wage category	Actual remuneration			Assumed remuneration
	Per day	Per week	Per month	Per day
I	under 300	under 1 800	under 7 800	200
II	300 to 499	1 800 to 2 999	7 800 to 12 999	400
III	500 or over	3 000 or over	13 000 or over	600

[1] The Libyan pound is subdivided into 100 piastres and 1,000 millièmes.

The weekly contribution, generally payable by affixing appropriate stamps to the insured person's contribution card, is related to the "assumed" wage corresponding to the category to which an insured person belongs. It was originally fixed at 135 millièmes in category I, 270 in category II and 405 in category III, shared between the employer (60 per cent.) and the insured employee (40 per cent.).

This total single contribution prescribed by the law is divided up so as to finance each branch of insurance separately—an important feature of the scheme.

Considering that for each wage category the total contribution rates indicated above were 11.25 per cent. of the insured wage, the contribution rates were distributed by branch as follows: cash sickness and maternity insurance, 2.08 per cent. of wages; medical care insurance, 4.17 per cent.; and pension insurance, 5.00 per cent.

The law originally provided for an increase of the pension insurance contribution rate after three and after eight years of operation.

The administrative expenses of the scheme as a whole were shared between the three branches according to a suitable formula.

Provision was made for the establishment and maintenance of a contingency reserve fund for each branch of insurance to meet any unforeseen short-term financial difficulties. Any surplus income was to be automatically channelled into this fund.

The range of the wage categories and the contribution rates indicated above remained in force from the beginning of the scheme up to the contribution week commencing 5 October 1962. Subsequently they were substantially modified to take into account the increase in the level of wages and the changed economic conditions of the country.

Application of the provision for increases in the pension insurance contribution rate was postponed until the first actuarial review of the fund, due in 1965.

BENEFITS

1. SHORT-TERM CASH BENEFITS BRANCH

The benefits payable under this branch of insurance are—

(a) sickness benefit (temporary incapacity);

(b) employment injury benefit (temporary incapacity);

(c) maternity benefit (temporary incapacity);

(d) maternity grant; and

(e) funeral grant.

To qualify for sickness benefit the claimant must have to his credit at least six weekly contributions during the three months preceding incapacity. The benefit is equal to 50 per cent. of the assumed daily wage in wage category I and to 40 per cent. in the two higher categories; it is payable from the fourth day and for a maximum period equal in length to twice the number of weeks for which contributions have been paid during the last three months.

Employment injury benefit is payable, irrespective of any contribution condition, as from the first day of incapacity, provided that such incapacity continues longer than three days, and for a maximum period of 360 days. The rate of employment injury benefit was set higher than sickness benefit.

Maternity benefit is payable under the contribution conditions required to qualify for sickness benefit and provided that the insured woman became subject to insurance at least 12 months prior to the date of confinement. Its amount is the same as that of sickness benefit and it is payable for a maximum of 12 weeks.

A maternity grant is payable, subject to the same qualifying conditions as defined above, in the form of a uniform amount for each confinement irrespective of the wage category. However, the National Social Insurance Institution may pay the grant in cash or wholly or partly by the provision of necessaries for the new-born child (layette).

Lastly, a funeral grant of a prescribed amount is payable on condition that the deceased person was drawing an invalidity pension or would have been entitled to a sickness benefit at the time of his death.

2. MEDICAL CARE BRANCH

The medical care benefits for which provision is made under this branch are fairly comprehensive, particularly where a morbid condition is attributable to an employment injury. They include all types of general practitioner and specialist care; dental and hospital care; the supply of pharmaceutical products; and provision, repair and renewal of prosthetic aid and appliances, etc. Medical care benefits are supplied in kind and free of charge, irrespective of the nature and cause of the morbid condition, and within the limits of the medical facilities existing in Libya and available to the Institution; that is by the Institution's own medical services or by public or private health services under agreement with the Institution.

Pharmaceutical products are supplied according to a formulary of medicines approved by the Institution, mainly through its own dispensing centres.

Medical care in case of a morbid condition, resulting otherwise than from an employment injury, is given: (i) to any insured person who is in receipt of a cash benefit for so long as such care is needed; after cessation of that benefit, during a period not exceeding six months; or (ii) to an insured person who satisfied the contribution condition for entitlement to cash sickness benefit on the day of application for medical care; in this case medical care is granted, if the insured person continues in insurable employment, for so long as care is needed and, if he leaves insurable employment, for a period not exceeding six months from that date.

Medical care is also granted to pensioners.

No qualifying conditions are required for entitlement to medical care in case of a morbid condition resulting from an employment injury.

In the first stage of application of the law medical care was not granted to the dependants of the insured person.

3. PENSION INSURANCE BRANCH

The benefits payable under the pension insurance are as follows:

(a) old-age pension;

(b) invalidity pension—ordinary sickness (66 $^{2}/_{3}$ per cent. loss of earning capacity);

(c) invalidity pension—employment injury (66 $^{2}/_{3}$ per cent. loss of earning capacity);
(d) partial invalidity pension—employment injury (more than 30 per cent. and less than 66 $^{2}/_{3}$ loss of earning capacity);
(e) widow's pension;
(f) orphan's pension;
(g) employment injury grant (more than 15 per cent. and less than 30 per cent. loss of earning capacity);
(h) old-age, invalidity and death grants (refund of contributions);
(i) lump sum on widow's remarriage.

To qualify for an old-age pension the insured person must have attained the age of 60 years, retired from insurable employment and paid either at least 1,000 weekly contributions or at least 250 weekly contributions including not less than 50 during the three years preceding the attainment of the age of 60 years or retirement from insurable employment. Similar contribution conditions are required for entitlement to invalidity pensions or to widows' and orphans' pensions.

The monthly old-age pension and invalidity pension consists of a flat rate basic amount and a supplementary amount for each weekly contribution paid since entry into insurance, provided that when invalidity is the result of an employment injury the amount of the pension cannot be less than 15 times the average of the assumed daily wage prescribed by the law for the individual's wage category.

The partial invalidity pension is fixed as a percentage of the full invalidity pension, proportional to the degree of the loss of earning capacity; the employment injury grant is set at 24 times the partial invalidity pension.

The amount of a widow's pension is equal to 50 per cent., and of an orphan's pension to 20 per cent., of the pension which the deceased was receiving or would have been entitled to receive if he had become an invalid at the time of his death.

The old-age, invalidity and death grants are payable when an insured person respectively attains the age of 60 years or becomes an invalid or dies before he satisfies the contribution conditions required for the award of an old-age or invalidity or survivor's pension. Such grants are equal to the aggregate sum of the insured person's share of the contributions paid in respect of pension insurance since his first entry into insurance.

The new scheme compared with the old

A comparison between the provisions of the new Libyan scheme and those of the previous schemes operated by the Italian social insurance agencies shows that considerable progress was made towards more

comprehensive protection of the Libyan worker against contingencies endangering the maintenance of his income and health.

With the exception of a few categories of workers, the Social Insurance Act of 1957 covered all employees, whether wage-earning or salaried, whatever their nationality or remuneration, whereas under the previous schemes pension and sickness insurance had been limited to non-Libyan workers and a wage ceiling imposed for insurance of salaried employees.

As regards contingencies the new scheme extended its protection to maternity; on the other hand, it was deemed wise to defer, for some time, the application of unemployment insurance (previously in operation only for the benefit of foreign workers, under I.N.P.S.).

The administration of the Libyan scheme was entrusted to a single institution; this avoided complications arising from the co-existence of three different institutions within the same country.

The new law provided for the payment of invalidity pensions in case of permanent loss of earning capacity due to an employment injury and survivors' pensions in case of death from either occupational or non-occupational cause: under the previous schemes, compensation for invalidity and death attributable to an employment injury had consisted of lump-sum payments.

The new scheme provided for the payment of widows' and orphans' pensions in the event of the death of an insured person resulting otherwise than from an employment injury or of a person already in receipt of an old-age or invalidity pension, whereas previous legislation had made no provision for such pensions.

The conditions required to qualify for an old-age pension became more favourable under the new scheme, the retirement age limit being fixed at 60 (instead of 65 under I.N.P.S.) and the contribution period being shorter than that prescribed by I.N.P.S., with the result that the amount of pensions awarded under comparable contribution conditions became, on the average, substantially higher.

Implementation and adjustment to an expanding economy, 1960-64

The first stage of implementation

In accordance with the principle of gradual implementation laid down in the law the Libyan social security scheme was first applied only to wage earners and salaried employees, other than those employed in an undertaking wholly or mainly concerned with agriculture or livestock, who were—

(a) working in a prescribed zone including Tripoli and its urban surroundings for an employer who at any time on or after 1 December 1958 was employing five or more insurable persons in the said zone; or

(b) working anywhere in Tripolitania for any such employer whose principal place of business was in the prescribed zone; or

(c) working anywhere in Tripolitania for an employer who on any day on or after 1 December 1958 was employing one or more employees who were insured by any one of the Italian social insurance institutions operating in Libya.

To minimise the risk of an employer reducing the number of his employees below five in order to escape from covered status, the regulations further prescribed that all persons employed by an employer specified in *(a)* and *(b)* would also be liable to compulsory insurance or would continue to be compulsorily insured even though the employer should at any time cease to employ five or more workers.

The initial registration of employers and insured persons commenced on 17 February 1959, one-and-a-half months before the appointed date for the beginning of the operation of the scheme. It was conducted by I.N.A.S. officials according to a detailed plan and covered, section by section, all the areas falling under the insurance scheme.

On the appointed day (28 March 1959) 1,103 employers and about 25,000 employees had been registered and given the appropriate identity and contribution card. About 85 per cent. of the initial registration of employers was made up of foreign firms and about one-third of the employees registered were non-Libyans. However, the size and composition of the insured population in the area of Tripoli changed rapidly as the registration procedures were completed. On 31 July 1959 registration figures already covered 1,350 employers and about 40,000 employees, while the number of new entrants to the scheme kept growing steadily over a period of time.

The building up of a sound administrative machinery was done with the help of a team of I.L.O. experts who assisted I.N.A.S. in drafting regulations and a detailed code of instructions, developing a system of accounts and financial controls, training staff and helping in the day-to-day solution of management problems.

Great emphasis was given to the preparation of the code, which incorporated all the permanent instructions or organisation, methods and procedures. In drafting it, care was taken to present it in a form which would facilitate its use by the various services of the Institution. It was designed as a self-contained book of reference, which an officer of the Institution could use without the need for constant consultation of the law and regulations. It explains the legislation in suitable language and outlines the procedures in sufficient detail. Furthermore, in view of the facts that the Institution had just been created, that the staff was inexperienced, and that the new social insurance plan was unfamiliar to the country, it necessarily had to go into some detail and cover certain

aspects of the work (e.g. in the chapters on staff and registry) which would not normally have been included.

The smooth functioning of the scheme in its early days, despite the lack of qualified staff, was largely due to the code of instructions.

In working out the methods and procedures the I.L.O. experts had also to prepare a large number of forms, the necessary accounting books, ledgers, etc. Some difficulties were experienced in designing forms for use by the public, as it was necessary to employ three languages (Arabic, English and Italian) and to take into account the low level of literacy of the insured as well as the standard of the clerical staff of the Institution.

During the creation and consolidation of its administrative services I.N.A.S. also organised the provision of free medical care in kind in all areas where insured persons might claim it according to the Act and the Medical Care Regulations.

For the provision of general practitioner and specialist care—outside hospital wards—I.N.A.S. set up a central dispensary in Tripoli, which had a number of consulting rooms as well as a laboratory, X-ray unit and dental-care service. The dispensary met the demand for out-patient care in the area of Tripoli with the help of medical personnel mainly recruited from abroad. A small panel of general practitioners was also on hand for domiciliary visits.

The treatment of out-patients outside Tripoli—whose number was fairly small—was entrusted to 17 general practitioners (medical officers of the provincial local health services) under terms and conditions fixed by special agreement. These doctors were also bound to dispense pharmaceutical products to insured persons from a stock supplied to them by the Institution. They were paid fixed annual emoluments scaled according to the number of beneficiaries in their area of practice.

Meanwhile I.N.A.S. prepared a formulary of medicines which could be prescribed for the insured persons. It was first developed with the help of the Italian sickness insurance institution and later adjusted in the light of the experience gained by the I.N.A.S. medical services.

During the first few months of the operation of the scheme I.N.A.S. purchased medicines in bulk from abroad in hospital packing and supplied them to private pharmacies, which dispensed them against prescriptions issued by the medical officers of the Institution, a small charge being added for the service. Later I.N.A.S. found it more advantageous to set up its own dispensing services and it opened a pharmacy within the central dispensary in Tripoli, where insured persons receive direct the medicines prescribed to them.

Hospital care for insured persons was not at first directly organised by the Institution, as it lacked the necessary premises, staff, facilities, etc. An agreement was concluded between it and the provincial administration of Tripolitania for admission of I.N.A.S. patients to the hospitals operated by the administration, on the basis of a fee per bed-day as laid

down in the Agreement. However, this arrangement was not entirely satisfactory because the provincial hospitals suffered from a shortage of beds and facilities, with the result that I.N.A.S. patients could not always obtain prompt admission.

From the experience gained during the first period of actual implementation of the scheme it was realised that the most difficult task was to organise and manage smoothly the provision of medical care to the insured population, the main obstacle being the lack of Libyan doctors and of paramedical staff available for serving with I.N.A.S. on either a full- or a part-time basis and the lack of balance between the demand for and the supply of hospital care at the national level.

The second stage of implementation

The measures taken in 1961 and 1962 aiming at an extension and adjustment of the Libyan social insurance scheme can be considered, for the purposes of this analysis, as a second stage of development of the scheme.

EXTENSION OF THE SCHEME TO NEW AREAS

A ministerial resolution issued at the end of 1960 provided for the application of social insurance to Benghazi and the surrounding area as from 1 January 1961.

This measure, taken 21 months after the first implementation of the scheme in Tripolitania, was a considerable step towards broadening the protection of the Libyan worker.

The definition of coverage applied to Benghazi was similar to that applied originally to Tripoli; liability to insurance was confined to: (i) non-agricultural salaried employees and wage earners employed in the area of Benghazi and surrounding territory by undertakings with five or more workers; and (ii) workers employed anywhere within the limits of Cyrenaica or Tripolitania by an insurable employer having his principal place of business in Benghazi.

The operations involved in carrying out the initial registration of employers and insured persons in Benghazi met with less difficulties than in Tripoli, thanks to the experience previously gained by the Institution. By the end of April 1961 the large majority of non-agricultural workers engaged in the prescribed area, that is about 12,000, were duly registered with I.N.A.S.

The administrative techniques applied in Benghazi were the same as in Tripoli and close co-ordination was established between the I.N.A.S. central office in Tripoli and the newly opened branch in Benghazi.

At about this time oil exploration and discoveries increased in the Fezzan, the southern province of Libya which has only a few scattered

population centres, and led to the creation of new undertakings and employment opportunities around Sebha, the capital.

In order to maintain a certain balance of protection among the three provinces and to provide for the welfare of the increasing number of workers engaged in the Fezzan, social insurance coverage was extended to Sebha[1], where I.N.A.S. opened an administrative office and started to build up its own out-patient medical services.

About 2,000 insured workers were registered in the Fezzan in the latter part of 1962.

ADJUSTMENT OF CONTRIBUTIONS AND BENEFIT RATES

After the scale of contributions and benefits of the Libyan scheme was first drawn up, the country's economy experienced a rapid progress of growth. The pattern, as well as the level, of salaries of the various categories of employees varied accordingly while the cost of living showed a sharp tendency to rise.

In the years during which social insurance was being planned the average wage of a Libyan manual worker was assumed to reach, at most, 300 millièmes a day; it was expected that only a few Libyan employees would earn more than 450 or 500 millièmes a day. In 1960 statistics of the insured population in Tripolitania showed, however, that the average daily wage of a Libyan worker had reached 690 millièmes and that about 28 per cent. of the Libyans insured had daily earnings of 750 millièmes or more.

These changes in the price and wage structure of the Libyan economy adversely affected both the financial situation of the Institution and the level of insurance benefits.

First of all the income of the Institution, linked directly to the level of " insured " wages, failed to follow adequately the rising trend of wages and prices: consequently the increase in medical care and administrative expenditure—due to increases in the prices of medicines and equipment, in the salaries of medical, paramedical and administrative staff, etc.—was not matched by a corresponding increase in contribution income. If such a situation had not been corrected the financial equilibrium of the medical care branch, and to a lesser extent that of the other branches, would have been in serious danger.

Secondly the situation was harmful for the beneficiaries. Cash benefits provided in the case of sickness, injury or maternity no longer afforded the expected degree of protection to many insured workers, who even neglected to claim the benefit at all, unless the length of the spell of incapacity made it worth while.

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[1] Ministerial resolution of 10 May 1962.

An actuary seconded by the I.L.O. under the technical assistance programme carried out an exhaustive analysis of the financial problems involved and put forward a set of recommendations for the modification of the wage category range while stressing that, for reasons of administrative simplicity, a three-category structure should be maintained. The actuary also pointed out that the change in the range of wage categories and the simultaneous adjustment of the contribution and cash benefits level had to be accompanied by a revaluation of the amount of pensions in course of payment, linked to the changes experienced by the level of insured wages.

The Government of Libya endorsed entirely the I.L.O. actuary's recommendation and included the new rates of contributions and benefits in the Law No. 21/1962 amending the basic law of 1957.[1]

The new scale of wage categories applied as from October 1962 is shown in table II.

TABLE II. WAGE CATEGORIES OF INSURED PERSONS FROM OCTOBER 1962
(In millièmes)

Wage category	Actual remuneration			Assumed remuneration
	Per day	Per week	Per month	Per day
I	under 450	under 2 700	under 11 700	350
II	450 to 899	2 700 to 5 399	11 770 to 23 399	700
III	900 or over	5 400 or over	23 400 or over	1 200

The new schedule as compared with the old one (see table I) shows that the assumed wage to which contributions and benefits are related, increased by 75 per cent. in categories I and II, and by 100 per cent. in category III.

Because of the greater concentration of foreign workers in the high income brackets, the new figures for the wage categories brought about, among other consequences, a higher contribution than before of the foreign workers to the financing of the scheme.

The amendments maintained on the whole the relationship established by the Social Insurance Act of 1957 between the amount of wage-related cash benefit and the assumed wage of the beneficiary: for instance, the daily cash sickness benefit continued to be equal to 50 per cent. of the assumed wage of category I and to 40 per cent. of categories II and III; the amount of injury benefit continued to be

[1] *Official Gazette of Libya*, 5 July 1962.

50 per cent. higher than the amount of cash sickness benefit, etc. Lump-sum benefits (basic pension, grants, etc.) were also proportionally increased.

The amount of pensions (invalidity, old-age, survivors) still in course of payment by I.N.A.S. was raised by 50 per cent. as from October 1962: a parallel revaluation of the contributions standing to the credit of an insured person in respect of periods of insurance before the same date was also carried out.

The rates of the most important benefits under the Libyan scheme, as revised by the 1962 amendments, are summarised in table III.

TABLE III. SELECTED BENEFIT RATES OF THE LIBYAN SOCIAL INSURANCE SCHEME FROM OCTOBER 1962

	Category I	Category II	Category III
		(In millièmes)	
Daily cash benefit:			
Sickness and maternity . .	175	280	480
Employment injury . . .	260	420	720
Lump-sum grants:			
Funeral: normal rate	10	Libyan pounds	
employment injury rate	20	„	„
Maternity	3.5	„	„
Old-age and invalidity pensions:			
Basic monthly amount	2.5	Libyan pounds	
Supplement for each weekly contribution paid:			
Category I	1.5	millièmes	
Category II	3.0	„	
Category III	4.5	„	

The actuarial analysis supporting the 1962 amendments indicated that the additional income arising from the change in wage categories was sufficient to cover the increased benefit expenditure. Moreover it would leave a margin for financing a partial and limited extension of medical benefits to the members of the family of the insured person.

EXTENSION OF MEDICAL CARE TO DEPENDANTS

In accordance with the policy of gradual extension of coverage laid down in the legislation, the medical care regulations adopted in 1958 prescribed that the provision of medical care was to be restricted to insured persons and pensioners, at least during the first two years of operation of the scheme in any of the prescribed areas.

The question of whether or not the dependent wife and the children (under the age of 16) of the insured worker should be granted medical

care came up for consideration in Tripolitania during 1961, at the time when the actuary seconded by the I.L.O. was reviewing the financial organisation of the cash benefit and the medical care insurance branches.

Against the understandable desire of the insured persons to obtain a reasonable amount of free medical care for their dependants stood the fact that the medical organisation and resources to which the social insurance scheme had access was still inadequate to give effect to the provision of the legislation regarding the full medical protection of dependants. Careful surveys of the situation in Tripolitania clearly showed that the capacity of medical establishments where insured persons could receive medical attention was hardly sufficient to afford proper care to the insured workers themselves. It was clear that, unless such capacity was greatly extended and more medical and paramedical personnel was made available to I.N.A.S., a sudden increase in the number of persons protected would create such overcrowding of the services as to impair the standard of care maintained so far for the workers. A statistical survey carried out by the I.L.O. actuary indicated that for every insured worker there were about two dependants who might become eligible for medical care. The cost of full coverage of dependants was estimated at about 2.5 per cent. of wages (in addition to the existing rate of 11.25 per cent. of wages), but it was equally stressed that, even if the additional expenditure could be met, the protection of the insured person's family would remain illusory until the capacity of the network of services was considerably extended.

Under the circumstances full extension of medical care to dependants was not deemed to be realistic, in spite of the considerable efforts by the national authorities to expand and improve the supply of medical services.

On the other hand, considering the available resources and the legitimate expectation of the workers, it was found possible to provide for a partial extension of coverage, including—

(a) maternity care before, during and after confinement, including general practitioner and specialist care, medicaments, laboratory and other examinations, hospitalisation, etc., for dependent wives of insured persons;

(b) all types of medical care for their dependent children under 2 years of age.

The priority given to mothers and children hardly needed justification in a country like Libya. The physical health and the well-being of mothers before and after childbirth have a strong influence on the physical condition of the new-born children. The mortality of infants and small children was very high in Libya. Maternity protection was therefore inseparable from protection of the next generation as a whole, whose health and vitality would in some degree reflect the social and health measures from which its mothers were able to benefit.

It was also pointed out that a few years after implementation of the partial extension consideration might be given to progressively raising the age limit for entitlement of dependent children to medical care, provided that sufficient facilities and financial resources had become available.

The 1962 legislative amendments sanctioned such an approach. A few months afterwards a new 30-bed I.N.A.S. maternity clinic opened in Tripoli and similar specialised services for mothers and infants were being built up in other areas.

Impact of the new Constitution of Libya

The Constitution of Libya was amended in two stages, on 8 December 1962 and 25 April 1963. The provincial structure of the country was abandoned in favour of a greater degree of concentration of authority in the federal Government, at both the legislative and the executive level. Transfer of responsibility for policy execution to the federal authorities covered most sectors of public administration; in particular, it included matters related to labour, social security and public health. For administrative purposes Libya was divided into ten districts cutting across the boundaries of the former three provinces.

These constitutional changes have had a direct impact on social insurance legislation. A phase of transition towards an administrative structure which would fit more adequately the new constitutional set-up of Libya was opened. The final solution will ultimately be embodied in formal amendments to the existing social insurance legislation; indeed, a number of draft amendments were under consideration all through the year 1964.

At the operational level some adjustments are also under consideration, as the province has now lost significance as an administrative unit.

Greater flexibility might be possible in designing the pattern of regional and local services of the I.N.A.S., although ultimately it would have to adjust to the actual distribution of employers and insured persons rather than to purely administrative boundaries or territorial subdivisions.

Recent developments

The territorial extension of insurance coverage was pursued further during 1964. A ministerial decree dated 25 May 1964 and promulgated with effect from 4 July 1964 provided for the coverage of all non-agricultural employees serving with employers engaging five or more workers who were still outside the areas covered by I.N.A.S.

This step aimed, in particular, at eliminating any discrimination in social insurance coverage among employers and workers operating in a number of fairly important localities of the Mediterranean coastline, such

as Homs, Misurata, Derna, etc., where oil development and building activities have been increasing in recent years. About 3,000 insured workers were registered in the newly covered undertakings.

Extension of coverage has been accompanied by the opening of new dispensaries for the insured population and the planning of improved medical and hospital facilities throughout the country.

Another step towards the betterment of I.N.A.S. services to the insured was marked by the decentralisation of out-patient care in Tripoli. Medical centres were opened in the suburban areas of the town, where many insured persons live and work.

In order to staff the new centres and cope with the increased demand for medical care, I.N.A.S. has been obliged to recruit abroad a number of general practitioners and specialists, who now serve in its dispensaries on a full-time basis. The different languages and professional backgrounds of these doctors, coming from Spain, Italy, Yugoslavia, Greece and other countries, have naturally created a delicate problem of adjustment, both technical and psychological, which is gradually being overcome.

The main point of concern continues to be the lack of hospital beds available to the insured persons. No change in policy has taken place in this respect since the scheme began operating in 1959: insured persons in need of in-patient care are referred to a public hospital, or occasionally to a private clinic with which I.N.A.S. has concluded an agreement. But unless the capacity of public hospitals is enlarged, and their equipment improved, insured persons may continue not to obtain admission when required and, rather than wait, seek treatment privately at their own expense.

A number of suggestions and plans are being considered in order to find a suitable solution to the problem of hospital care and at the same time maintain the closest possible co-ordination between the medical services run by I.N.A.S. and the public network of curative and preventive care.

An I.L.O. medical adviser has been on assignment to Libya since 1963 in order to help I.N.A.S. to strengthen its own medical care organisation, to plan its territorial extension and to seek more efficient methods and procedures.

The co-operation of I.L.O. advisers is not confined to the medical organisation field. The review and improvement of methods and procedures, the drawing up of a comprehensive statistical plan, the analysis of specific questions in the field of financing and investment, the training of the staff, etc., have been dealt with by I.N.A.S. with the assistance of I.L.O. experts.

As regards administration, for instance, I.L.O. experts have been asked—

to examine the present administrative organisation of I.N.A.S. and recommend measures aimed at improved efficiency;

to assist in reviewing social insurance regulations and internal instructions on the basis of past experience and of recent amendments to social insurance legislation;

to examine administrative problems arising from the implementation of the Italo-Libyan Agreement (1959);

to give day-to-day advice on matters relating to the implementation of social insurance in the various areas.

As the scope of the activities of I.N.A.S. develops all over the country the need for increasing the number of qualified administrative officers and supervisors becomes more and more urgent.

The improvement of the level of technical training of I.N.A.S. staff was undertaken in the latter part of 1964 with the help of an Arabic-speaking I.L.O. expert, whose task consists in organising and carrying out on-the-job training of lower executive officers, inspectors, supervisors, etc. Besides training in the performance of prescribed duties, a general understanding of social insurance principles and objectives is to be promoted among the staff.

At the same time selected I.N.A.S. officials are granted I.L.O. fellowships in order to obtain further technical training abroad in fields such as social security statistics, accounting and financial control.

The financial operations of the various branches of insurance have been the object of periodic actuarial reviews. Following the financial review of the short-term benefits and medical care branches in 1962, work was begun towards the end of 1963 for the first quinquennial review of the pension insurance branch. The assistance of I.L.O. experts has been secured for the various stages of this undertaking—the planning of the collection of statistical information, the processing of data, and the actuarial valuation. The actuary's report is expected to be ready early in 1965.

Another concern of I.N.A.S. management and the supervisory government authority is to find suitable investment for the money accumulated in the reserve funds of the social insurance scheme. The use to be made of the pension insurance accumulated fund, which is by far the most substantial[1], has been given most careful consideration.

Although general guidance for investment was embodied in the reserve and investment regulations (1959), further advice was now needed before undertaking a practical policy of investment under the conditions prevailing in the country. A comprehensive analysis of the issues involved was therefore carried out with the assistance of an I.L.O. adviser and various factors having a bearing upon an investment policy for I.N.A.S. were brought to light.

It was recognised first of all that the accumulated funds have to be invested in assets which provide adequate guarantees of safety, both

[1] At the end of 1962 the Pension Insurance General Fund amounted to about £L1,250,000.

nominal and " real " (namely the maintenance of the real value of the investment irrespective of any currency fluctuations or depreciation), as well as of yield and of liquidity. On the other hand, funds might well be used, as far as possible, to further the objectives of social and economic development of the country. The difficulties encountered in selecting investments that would simultaneously satisfy all the above conditions were evident and it appeared that the criteria of social and economic utility might have to be subordinated to the other requirements because of the paramount need to safeguard the financial equilibrium of the scheme.

The particular conditions that characterised the Libyan economy were analysed in so far as they were connected with any choice that could be made in the field of investment of I.N.A.S. funds.

As an oil producing country Libya had all the opportunities that oil revenue offers for economic and social development, but it also had the basic problems which are normally associated with an oil producing but underdeveloped economy, including the persistent tendency of prices to rise and recurrent inflationary pressures.

Thus it was particularly important that the " real " value, in terms of the purchasing power of the investment, should be guaranteed. But on the Libyan financial market there were no negotiable securities with a built-in guarantee of adjustment of both capital and interest in case of a significant depreciation of the currency.

Public institutions for financing development projects of an enduring social character were not sufficiently developed in Libya to offer attractive as well as safe outlets for investment. Apart from an acutely speculative market in real estate, the investment opportunities suitable for a social insurance institution such as I.N.A.S. were therefore extremely limited.

Even the government agencies did not appear to be eager to borrow from I.N.A.S., possibly because the oil revenues had in later years been providing a growing supply of capital for development purposes.

As far as the public sector was concerned, Libya—unlike other developing countries—was not so much concerned to increase the supply of capital for its own economic development as to find the best way to channel the growing public revenue into sound productive projects that would improve living standards.

In these circumstances the investment of social insurance funds is being planned by giving priority to the development of the Institution's own medical facilities, on the basis of appropriate internal financial arrangements that safeguard the solvency of the long-term benefit branch while providing a remedy to present shortages in the field of premises and equipment and paving the way for future extension of the medical protection of Libyan workers and their families.

The lesson of Libyan experience

Is there a lesson to be drawn from the social insurance experience of Libya? Is it too early to pass judgment on the value of the options made by that country in this field?

Answers to these questions are relevant to the appraisal of the country's social policy but may also be useful to developing countries that are faced with similar problems of social security planning and development.

The experience of Libya, although of relatively short duration, does in fact allow several pertinent conclusions to be drawn.

It should be recognised, first of all, that since attaining independence Libya has succeeded in replacing the social insurance legislation inherited from the former ruling country with an entirely new one, shaped and organised to suit the country's particular needs and resources. This is important because the new scheme has provided more balanced and on the whole better protection to the Libyan worker and also because many developing countries have not been able—for various reasons—to carry out a complete overhaul of the legislation existing before independence.

The existence in Libya of social insurance covering a wide range of contingencies provided an incentive for an immediate extension of coverage far more ambitious, possibly, than a planner would have dared to suggest if social insurance had not already been established.

Careful and painstaking planning has been an essential element in the development of a new, sound scheme. Legislation, regulations and administrative procedures were gradually built up and meticulously prepared for several years prior to implementation of the scheme. Thus, despite lack of experience, the Libyan staff employed by I.N.A.S. was able to cope at all levels with most of the practical problems involved in the day-to-day administration of social insurance. In this task they had the great advantage that the contribution and benefit provisions were made as simple as possible. In a developing country, sophistication of approach and excessive detail are not a sign that the legislation or the administration are advanced, but rather the reverse.

The emphasis placed on medical care has provided a tangible and welcome benefit to the Libyan urban worker, while at the same time a modest but far-reaching system of protection for invalidity, old age and death has been made available to him.

Such a balanced scheme, in a country where only a small fraction of the national income is available for social security, is only possible subject to the acceptance—both by the Government and by the beneficiaries—of a number of limitations of benefit rate and coverage, at least during the first phase of implementation.

In spite of the obstacles encountered in organising its own medical services the insurance scheme, through the resources provided by workers' and employers' contributions, has been able to increase the supply of medical care in Libya and has given to the worker and his family the chance to have free access to modern medicine, while also relieving to some extent the burden falling upon the public health curative services. From this point of view, and by avoiding duplication with other public or private services, sickness insurance in Libya plays a significant role in meeting the health needs of an increasing section of the population and, by ensuring better health, enhances the strength and productivity of the labour force.

The process of gradual extension of coverage in terms of persons protected in a series of well-defined forward steps is another positive aspect of the Libyan experience. True, much remains to be done, particularly as regards the protection of the agricultural sector of the population; but the balance achieved so far between needs and resources, coupled with the dynamic policy pledged by the Government, is an indication that in time, but without undue haste, the more difficult problems will be tackled.

From the point of view of international technical co-operation and on the basis of the results already achieved, the development of social security in Libya can be assessed as a fruitful undertaking.

Technical advice provided by the I.L.O. during all the phases of planning and administration has been matched by receptive and co-operative attitudes from the responsible Libyan authorities and a desire to obtain concrete results within the limitations imposed by the country's economy and social background. The fact that technical aid has covered almost all fields of social insurance legislation, financing and management, and that throughout many years the discussions between international experts and national officials have been given weight and significance by both unity of purpose and objectives, has proved to be a concrete incentive to social achievement.